

04614

MOUNTAIN CRISIS SERVICES, INC.

REPORT ON EXAMINATION  
OF FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2008

(With Comparative Totals for 2007)

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February 2, 2009

Board of Directors  
**Mountain Crisis Services, Inc.**  
Mariposa, California

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of **Mountain Crisis Services, Inc.**, as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of **Mountain Crisis Services, Inc.'s** management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the **Mountain Crisis Services, Inc.'s** June 30, 2007 financial statements and, in our report dated March 15, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Mountain Crisis Services, Inc.**, at June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2009 on our consideration of **Mountain Crisis Services, Inc.'s** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors  
**Mountain Crisis Services, Inc.**  
Mariposa, California

The financial statements referred to in the foregoing opinion are set forth on pages 3 to 13, inclusive of this report. The accompanying schedule of expenditures of federal awards and other information is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This additional information has been subject to the audit procedures applied in the audit of the basic financial statements, which are in conformity with the OES Grant Recipient Handbook issued by the State of California, Office of Emergency Services, and all other laws, regulations and subgrant requirements. In our opinion, this additional information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Randolph Scott & Co.*

Certified Public Accountants, Inc.

**MOUNTAIN CRISIS SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008**  
(With Comparative Totals for June 30, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total June 30, 2008</u>	<u>Total June 30, 2007</u>
<b><u>ASSETS</u></b>				
CURRENT ASSETS				
Cash and Cash Equivalents (Note A)	\$ 14,092	\$ -	\$ 14,092	\$ 27,700
Grants and Accounts Receivable (Note E)	122,986	-	122,986	115,948
Total Current Assets	<u>137,078</u>	<u>-</u>	<u>137,078</u>	<u>143,648</u>
PROPERTY AND EQUIPMENT (Note F)	700,816	52,979	753,795	773,178
OTHER ASSETS	607	-	607	539
<b>TOTAL ASSETS</b>	<u>\$ 838,501</u>	<u>\$ 52,979</u>	<u>\$ 891,480</u>	<u>\$ 917,365</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>				
CURRENT LIABILITIES				
Line of Credit (Note H)	\$ 80,000	\$ -	\$ 80,000	\$ 50,000
Current Portion of long-term debt (Note I)	1,441	-	1,441	1,366
Accounts Payable and Accrued Expenses	17,474	-	17,474	37,061
Refundable Advances/Deferred Revenue	34,535	-	34,535	59,112
Total Current Liabilities	<u>133,450</u>	<u>-</u>	<u>133,450</u>	<u>147,539</u>
NOTES PAYABLE (Note I)	545,022	-	545,022	546,055
COMMITMENT AND CONTINGENCY (Note J)	-	-	-	-
Total Liabilities	<u>678,472</u>	<u>-</u>	<u>678,472</u>	<u>693,594</u>
NET ASSETS				
Operating	160,029	-	160,029	167,637
Property and Equipment	-	52,979	52,979	56,134
	<u>160,029</u>	<u>52,979</u>	<u>213,008</u>	<u>223,771</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 838,501</u>	<u>\$ 52,979</u>	<u>\$ 891,480</u>	<u>\$ 917,365</u>

See Notes to Financial Statements.

**MOUNTAIN CRISIS SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**  
(With Comparative Totals for June 30, 2007)

	Unrestricted	Temporarily Restricted	Year Ended June 30, 2008	Year Ended June 30, 2007
<b>REVENUES AND OTHER SUPPORT:</b>				
Grants and Contracts	\$ 497,933	\$ -	\$ 497,933	\$ 506,849
Contributions	17,519	-	17,519	43,233
Fundraising	17,103	-	17,103	18,621
In-Kind	6,331	-	6,331	9,691
Other Income	3,501	-	3,501	4,470
Net Assets Released From Restrictions (Note D):				
Satisfaction of Program Restrictions	-	-	-	-
Expiration of Time Restrictions	-	-	-	-
Total Revenues and Other Support	<u>542,387</u>	<u>-</u>	<u>542,387</u>	<u>582,864</u>
<b>EXPENSES:</b>				
Program Services:				
Blue Shield	7,637	-	7,637	1,530
BWSP - Battered Women	221,329	-	221,329	219,829
CA Delta	43,586	-	43,586	41,333
CA Endowment	24,764	-	24,764	13,817
CSBG	-	-	-	40
DVRT	-	-	-	23,756
EHAP	9,501	-	9,501	10,566
Mariposa County/Presly Fund	6,968	-	6,968	2,727
Mary Kay	-	-	-	9,000
New Shelter Donations	-	-	-	6,219
OES	188,782	-	188,782	192,142
Other Program Services	1,133	-	1,133	-
SF Giants Foundation	-	-	-	8,000
Total Program Services	<u>503,700</u>	<u>-</u>	<u>503,700</u>	<u>528,959</u>
Administration	44,330	-	44,330	34,261
Fundraising	1,965	-	1,965	1,800
Total Expenses	<u>549,995</u>	<u>-</u>	<u>549,995</u>	<u>565,020</u>
CHANGE IN NET ASSETS	(7,608)	-	(7,608)	17,844
<b>CHANGE TO NET ASSETS:</b>				
Additions / Dispositions of Equipment (Note A)	-	-	-	31,450
Depreciation of Equipment (Note A and F)	-	(3,155)	(3,155)	(6,368)
NET ASSETS, beginning of year	167,637	56,134	223,771	173,951
Prior Period Adjustment (Note B)	-	-	-	6,894
NET ASSETS, beginning of year as restated	<u>167,637</u>	<u>56,134</u>	<u>223,771</u>	<u>180,845</u>
NET ASSETS, end of year	<u>\$ 160,029</u>	<u>\$ 52,979</u>	<u>\$ 213,008</u>	<u>\$ 223,771</u>

See Notes to Financial Statements.

**MOUNTAIN CRISIS SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2008**  
(With Comparative Totals for June 30, 2007)

	Program Services	Management & General	Fundraising	Year Ended June 30, 2008	Year Ended June 30, 2007
Personnel Costs:					
Salaries	\$ 270,808	\$ 2,750	\$	\$ 273,558	\$ 259,436
Payroll Taxes	25,111	1,419		26,530	22,238
Employee Benefits	24,623	55		24,678	27,532
Worker's Compensation	5,269	(109)		5,160	5,003
Total Personnel Costs	<u>325,811</u>	<u>4,115</u>	<u>-</u>	<u>329,926</u>	<u>314,209</u>
Operating Costs:					
Advertising	3,309	288		3,597	12,952
Answering Service	-	-		-	-
Appreciation/Thank You	147	294		441	405
Audit Expense	4,880	-		4,880	4,950
Capital Improvements	3,651	-		3,651	31,450
Communications	15,451	133		15,584	11,519
Conferences and Training	4,808	(2)		4,806	8,146
Consultants	66,194	5,733		71,927	30,484
Dues and Fees	-	-		-	-
Educational Materials	5,843	-		5,843	6,205
Food & Supplies	4,386	(9)		4,377	11,945
Fundraising Expense		9,586	1,965	11,551	10,212
Insurance	4,033			4,033	16,585
Interest Expense	3,918	4,712		8,630	12,692
Office Rent (Note J)	26,434			26,434	26,957
Other	301	1,448		1,749	2,555
Postage & Shipping	809	-		809	1,724
Printing & Outside Copying	2,051	-		2,051	2,405
Repairs & Maintenance	-	-		-	-
Shelter Expenses	12,553	1,487		14,040	23,123
Travel	4,619	401		5,020	6,290
Utilities	14,502	(84)		14,418	15,795
Vehicle	-	-		-	1,099
Total Operating Costs	<u>177,889</u>	<u>23,987</u>	<u>1,965</u>	<u>203,841</u>	<u>237,493</u>
Total Expenses Before Depreciation	<u>503,700</u>	<u>28,102</u>	<u>1,965</u>	<u>533,767</u>	<u>551,702</u>
Depreciation (Note F)	<u>-</u>	<u>16,228</u>	<u>-</u>	<u>16,228</u>	<u>13,318</u>
<b>TOTAL EXPENSES</b>	<u>\$ 503,700</u>	<u>\$ 44,330</u>	<u>\$ 1,965</u>	<u>\$ 549,995</u>	<u>\$ 565,020</u>

See Notes to Financial Statements.

**MOUNTAIN CRISIS SERVICES, INC.**  
**COMBINED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for June 30, 2007)**

	Year Ended June 30, 2008	Year Ended June 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (7,608)	\$ 17,844
Adjustments to Reconcile Net Revenue and Support to Cash Provided by Operating Activities:		
Depreciation, less amount charged to net assets	16,228	13,318
Prior Period Adjustment (Note B)		6,894
(Increase)/Decrease in Assets:		
Grants Receivable	(7,038)	13,524
Other Assets	(68)	95
Increase/(Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(19,587)	(10,271)
Refundable Advances	(24,577)	56,691
Total Adjustments	<u>(35,042)</u>	<u>80,251</u>
Net Cash Provided/(Used) by Operating Activities	<u>(42,650)</u>	<u>98,095</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assets less amount charged to net assets		(126,709)
Net Cash Provided/(Used) by Investing Activities	<u>-</u>	<u>(126,709)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	125,000	86,209
Proceeds from note payable	-	73,845
Repayment of line of credit, less interest of \$3,069 and \$1,583 respectively.	(95,000)	(126,209)
Repayment of long term debt, less interest of \$5,516 and \$6,128.	(958)	(3,185)
Net Cash Provided/(Used) by Financing Activities	<u>29,042</u>	<u>30,660</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(13,608)	2,046
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>27,700</u>	<u>25,654</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 14,092</u>	<u>\$ 27,700</u>
<b>Supplemental Data:</b>		
Interest Paid	<u>\$ 8,630</u>	<u>\$ 12,692</u>
In-kind Goods and Services Received in Lieu of Cash	<u>\$ 6,331</u>	<u>\$ 9,691</u>

See Notes to Financial Statements.

**MOUNTAIN CRISIS SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for 2007)**

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

**General**

**Mountain Crisis Services, Inc.** (the Agency), is a non-profit corporation, organized to provide a network of services to Mariposa County residents who are victims of sexual assault and domestic violence. MCSI offers several programs including the Battered Women's Shelter Program and the Domestic Violence Assistance Program.

The Battered Women's Shelter Program and the Domestic Violence Assistance Program's goal are to ensure that thirteen core services are provided to domestic violence victims and their families. These services include a 24-hour hotline, emergency shelter, individual and group peer counseling, operation of a business walk-in center, emergency food, emergency clothing, emergency response to law enforcement calls, 24-hour emergency response to hospital emergency rooms and clinics, emergency transportation to shelter and other safe locations, counseling to child victims, court and social service advocacy for victims, legal assistance with restraining orders for victims, participation in local community responses to domestic violence, and household establishment for victims.

**Accounting Method**

The Agency maintains its accounting records on the accrual basis.

**Accounting in Accordance with SFAS 116 and 117**

The Agency reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the asset(s) contributed. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Agency, the accounts of the Agency are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources are classified for accounting and reporting purposes into funds based on the activities and objectives specified by donors, grantors, officials and governing boards.

**MOUNTAIN CRISIS SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for 2007)**

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES - (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash is defined as cash in demand deposits as well as cash in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of change in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of uninsured cash balances. The Agency places its cash deposits with high-credit, quality financial institutions. At times, balances in the Agency's cash accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$100,000. At June 30, 2008, there were no uninsured balances.

**Concentration of Revenue Sources**

During the year ended June 30, 2008, the Agency had two major revenue sources that accounted for approximately 75% of the total revenue of the Agency. The California Department of Health Services, Battered Women Shelter Program accounted for approximately 41%, while the Office of Emergency Services accounted for approximately 34% of the total revenue.

**Fair Values of Financial Instruments**

The following methods and assumptions were used to estimate the fair value of financial instruments:

*Cash and cash equivalents:* The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

*Accounts receivable and accounts payable:* The carrying amounts of accounts receivable and accounts payable in the balance sheet approximates fair value.

**MOUNTAIN CRISIS SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for 2007)**

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES - (Continued)**

**Fair Values of Financial Instruments – (Continued)**

*Notes payable:* The carrying value of the Agency's debt approximates fair value because of the variable nature of market interest rates.

**Property and Equipment**

As further discussed in Note F, property and equipment purchased with unrestricted funds are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Property and equipment purchased in connection with restricted funds are recorded as expenditures in the year of acquisition in accordance with the grantor's funding terms and conditions. The individual funders or grantors retain title to those assets

Assets purchased with grantor funds which are expensed in the period acquired are recorded in the accompanying balance sheet as an asset, with a corresponding entry to net assets. In order to reflect the decrease in value over time of these assets, depreciation is charged directly to net assets annually. These assets are restricted to use only in the programs from which they were purchased.

The Agency capitalizes all asset purchases of \$1,500 or more, except where a grantor may impose a different threshold.

**Prepaid Expenses**

Prepaid insurance and other costs are expensed ratably over their respective terms of agreement.

**Accrued Paid Time Off**

Regular employees are entitled to paid time off which can be utilized for any reason that the employee would like; sick, vacation, mental health day, etc. Full-time (40 hours per week) employees accrue 128 hours of paid time off per year. After the fifth year, paid time off will accrue at 168 hours per year. After ten years of employment, an employee will receive 208 hours of paid time off annually. Those employees working less than 40 hours per week will accrue paid time off at a prorated rate. The maximum allowable accrued paid time off is 240 hours per employee. Employees accrue paid time off from their date of hire, but may only use the paid time off after completing six months of continuous work. When an employee leaves the agency, their remaining paid time off will be paid to them with their last paycheck. At June 30, 2008, accrued vacation was approximately \$7,407.

**MOUNTAIN CRISIS SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for 2007)**

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES - (Continued)**

**Allocation of Expenses**

Certain administrative and other expenses are allocated to various operating programs based upon detailed cost analysis prepared by management.

**Summarized Financial Information For 2007:**

The financial information for the year ended June 30, 2007 is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

**In-Kind Contributions**

The Agency receives a significant amount of donated services from unpaid volunteers who assist in manning the crisis line. Donated services are recorded in the financial statements at their fair value at the date of contribution. In-kind contributions were approximately \$6,330 at June 30, 2008.

**Income Tax**

The Agency is exempt from federal and state income tax under section 501 (c) (3) of the Internal Revenue Code, and Section 23701 (d) of the California Revenue and Taxation Code.

**NOTE B – PRIOR PERIOD ADJUSTMENT**

The agency adjusted their July 1, 2006 Net Assets balance by \$6,894 due to understated receivable balances and overstated liability accounts. This adjustment did not effect any amounts earned on governmental grants and contracts.

**NOTE C – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are part of the net assets of the Agency resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations.

At June 30, 2008, temporarily restricted net assets consisted of the following:

Restricted Property and Equipment	\$ <u>52,979</u>
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**MOUNTAIN CRISIS SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for 2007)**

**NOTE H- LINE OF CREDIT**

The Agency has a secured, bank line of credit with Yosemite Bank, in the amount of \$ 110,000, with a maturity date of November 7, 2009. The line of credit's interest rate currently varies with the bank's index rate. At June 30, 2008, the interest rate was 6.75%. As of June 30, 2008, the Agency's principal balance was \$80,000.

**NOTE I – NOTES PAYABLE**

At June 30, 2008, Notes Payable consisted of the following:

Note payable to Yosemite Bank with interest at 7.5% maturing January 1, 2031, secured by a Deed of Trust on the building and land located at 5115 Bullion Street, Mariposa, California.	\$ 75,621
Deferred note payable to Department of Housing and Community Development maturing in August 18, 2014. See EHAP-CD	470,842
	546,463
Less Current Portion	1,441
	\$ 545,022

Future estimated principal maturities on the note are as follows:

	<u>Yosemite</u>	<u>EHAP</u>	<u>Total</u>
Year Ending: June 30, 2009	\$ 1,441	\$	\$ 1,441
June 30, 2010	1,552		1,552
June 30, 2011	1,673		1,673
June 30, 2012	1,803		1,803
June 30, 2013	1,943		1,943
Thereafter	67,209	470,842	538,051
	<u>\$ 75,621</u>	<u>\$ 470,842</u>	<u>\$ 546,463</u>

Interest expense associated with the Yosemite Bank note was \$5,516 for the year ended June 30, 2008.

EHAP-CD: The note payable to the Department of Housing and Community Development was for the acquisition of a building to be used as an emergency shelter, a transitional housing facility, or a safe haven as represented in the initial application. The loan is for a period of 10 years beginning with the completion date of the project which occurred during the 06/07 fiscal year. At the completion of the loan term, the loan shall be forgiven. However, if a transfer or conveyance of the Development Property occurs prior to the end of the loan term that results in the property no longer being used as an emergency shelter or transitional housing, the State shall terminate the loan and require the immediate repayment of the loan, including all outstanding principal and accrued interest at a rate of 3%.

**MOUNTAIN CRISIS SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**  
**(With Comparative Totals for 2007)**

**NOTE J – COMMITMENT AND CONTINGENCY**

**Commitment**

The Agency conducts its operations on a leased property. Future minimum lease payments under non-cancelable operating leases in excess of one year are as follows:

Year Ending June 30, 2009	\$	23,860
2010		20,450
2011		19,250
	\$	<u>63,560</u>

Total rent expense for the year ending June 30, 2008 was \$ 26,434.

**Contingency**

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Agency deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Agency's management is of the opinion that the organization has complied with the terms of all grants.

## ADDITIONAL INFORMATION

**MOUNTAIN CRISIS SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

<u>Grantor / Pass-Through Grantor / or Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Grant Amount</u>	<u>Expenditures or Amounts Earned</u>
<b><u>Federal Awards:</u></b>				
<b><u>U.S. Department of Justice:</u></b>				
<b><u>Pass-Through Program From:</u></b>				
Office of Emergency Services				
Domestic Violence Assistance Program	16.575	DV-07071777	\$ 102,295	\$ 102,295
Domestic Violence Assistance Program	16.588	DV-07071777	5,195	5,195
Total U.S. Department of Justice			\$ 107,490	\$ 107,490
<b><u>U.S. Department of Health &amp; Human Services:</u></b>				
<b><u>Pass-Through Program From:</u></b>				
State Department of Health Services -				
Maternal and Child Health Branch Grant	93.994	05-45054	\$ 221,329	\$ 221,329
<b><u>U.S. Department of Health &amp; Human Services:</u></b>				
<b><u>Pass-Through Program From:</u></b>				
Office of Emergency Services				
Domestic Violence Assistance Program	93.671	DV-07071777	42,843	42,843
Total U.S. Department Health & Human Services			\$ 264,172	\$ 264,172
<b><u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u></b>			<b>\$ 371,662</b>	<b>\$ 371,662</b>
<b><u>U.S. Department of Health &amp; Human Services:</u></b>				
<b><u>Pass-Through Program From:</u></b>				
Office of Emergency Services				
Domestic Violence Assistance Program		DV-07071777	\$ 32,118	\$ 32,118
<b><u>TOTAL EXPENDITURES OF STATE AWARDS</u></b>			<b>\$ 32,118</b>	<b>\$ 32,118</b>

**Note 1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mountain Crisis Services Inc., and is presented on the accrual basis of accounting.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

February 2, 2009

Board of Directors  
**Mountain Crisis Services, Inc.**  
Mariposa, California

We have audited the financial statements of **Mountain Crisis Services, Inc.** as of and for the year ended June 30, 2008 and have issued our report thereon dated February 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Mountain Crisis Services, Inc.**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financials statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Mountain Crisis Services, Inc's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants, Inc.

SUPPLEMENTAL REPORTING REQUIREMENTS OF THE  
OFFICE OF EMERGENCY SERVICES

**MOUNTAIN CRISIS SERVICES, INC.**  
**STATEMENT OF REVENUE AND EXPENSES**  
**OFFICE OF EMERGENCY SERVICES - DOMESTIC VIOLENCE ASSISTANCE PROGRAM**  
**CONTRACT NO. DV-07071777**  
**YEAR ENDED JUNE 30, 2008**

	<u>Audited Costs</u> <u>7/1/2007</u> <u>through</u> <u>6/30/2008</u>	<u>Total</u> <u>Reported</u> <u>Expenses</u> <u>7/1/07-6/30/08</u>	<u>Total</u> <u>Budget</u> <u>7/1/2007 -</u> <u>6/30/2008</u>
<b><u>REVENUE</u></b>			
Grants and Contracts	\$ 182,451	\$ 182,451	\$ 182,451
In-Kind Contributions	6,331	6,331	39,497
Other Revenue			
<b>Total Revenue</b>	<u>188,782</u>	<u>188,782</u>	<u>221,948</u>
<b><u>EXPENSES</u></b>			
<u>Personal Services:</u>			
Salaries	118,854	118,854	123,069
Salaries In-Kind	6,331	6,331	39,497
Employee Benefits	26,367	26,367	22,152
Total Personal Services	<u>151,552</u>	<u>151,552</u>	<u>184,718</u>
<u>Operating Expenses:</u>			
Operating Expenses	37,230	37,230	37,230
In-Kind Expenses			
Total Operating Expenses	<u>37,230</u>	<u>37,230</u>	<u>37,230</u>
<u>Equipment:</u>			
Capital Purchases	-	-	-
Total Equipment	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenses</b>	<u>188,782</u>	<u>188,782</u>	<u>221,948</u>
<b>Revenue over (under) expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The remaining Match was fulfilled with the Agency's California Department of Health Services grant.

MOUNTAIN CRISIS SERVICES, INC.  
NOTES TO PROGRAM STATEMENTS  
YEAR ENDED JUNE 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The program statements have been prepared from the grant budget approved by the OES, the Report of Expenditures, the Request for Funds (Form OES-201), and Mountain Crisis Services, Inc.'s records.

The Form OES-201 was prepared by the Agency's personnel in accordance with OES requirements. The basis of accounting used in the prepared forms may differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying program statements are not intended to present the financial position and results of operations of the Agency in conformity with accounting principles generally accepted in the United States of America.

**MOUNTAIN CRISIS SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2008**

**SECTION I: SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- |   |           |                 |
|---|-----------|-----------------|
| * Material weakness(es) identified?   | _____ yes | <u>  X  </u> no |
| * Control deficiency(s) identified that are not considered to be material weaknesses? | _____ yes | <u>  X  </u> no |
| * Noncompliance material to financial statements noted?                               | _____ yes | <u>  X  </u> no |

**SECTION II: FINANCIAL STATEMENTS FINDINGS**

**PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS**

None.

**CONTROL DEFICIENCIES - MATERIAL WEAKNESSES**

None.

**CONTROL DEFICIENCIES – NON-MATERIAL WEAKNESSES**

None.